

## State of California

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**Legislative Change No.****04-36**Bill Number: SB 1534Author: JohnsonChapter Number: 04-844Laws Affecting Franchise Tax Board: Revenue and Taxation Code Section 19582.5.Date Filed with the Secretary of the State: September 28, 2004**SUBJECT:** Allow Taxpayers With Income Less Than Specified Amount To Use Form 540 2EZ**Senate Bill 1534 (Johnson), made the following changes to California law:****Section 19582.5 is added to the Revenue and Taxation Code.**

This act requires the Franchise Tax Board (FTB) to make available to certain taxpayers the option of using Form 540 2EZ to file their income tax return. To qualify for this filing option, the taxpayer's income must be under the following income thresholds:

- a taxpayer filing as single or as a head of household (HOH) with *total income* for the taxable year of \$100,000 or less; or
- taxpayers filing a joint return or a taxpayer filing as a qualified widow(er) with *total income* for the taxable year of \$200,000 or less.

For purposes of this act, "total income" would mean taxable wages, dividends, interest, and pension income.

In addition, this act contains legislative intent language stating that this act is only intended to adjust the income limitations that govern the use of the Form 540 2EZ, or its successor form. Further, the legislative intent provides that the Form 540 2EZ should only be revised to allow those persons that would be unable to use the Form 540 2EZ due to the current income restriction to use the Form 540 2EZ.

This act would be effective and operative on January 1, 2005.

This act requires the Legislative Analyst, in consultation with FTB, to conduct a study on the impact of the revised Form 540 2EZ and report to the Legislature by January 1, 2008. The report shall include the 1) number of filers that use the revised Form 540 2EZ, 2) effectiveness of the revised Form 540 2EZ in the simplification of tax preparation, and 3) impact the revised Form 540 2EZ has on FTB's administration of the personal income tax laws.

Bureau Director

Jana Howard for Brian Putler

Date

10/6/04